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Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-08 OPIC-03 FEA-01 AGRE-00
CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
/088 W
----------087756 050418Z /62
R 041110Z AUG 77
FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC 3219
INFO AMCONSUL KARACHI

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E.O. 11652: N/A
TAGS: ETRD, GATT, PK
SUBJECT: NOTIFICATIONS OF SERVICES RESTRAINTS IN THE MTN

REF: STATE 179663

1. INFORMATION IN PARA 4 IS ESSENTIALLY CORRECT. INTENT OF 1952 LAW UNDER WHICH PAKISTAN INSURANCE COMPANY WAS FOUNDED IS TO MINIZE FOREIGN EXCHANGE DRAIN FROM INSURANCE BY KEEPING AS MUCH AS POSSIBLE OF INSRUANCE BUSINESS WITHIN PAKISTAN. THIRTY PERCENT OF ANY INSURANCE POLICY MUST BE REINSURED WITH PAKISTAN INSURANCE CORPORATION (PIC). PIC MUST ALSO BE OFFERED 25 PERCENT OF ANY "SURPLUS." SURPLUS IS DEFINED AS AMOUNT ABOVE THAT WHICH A PAKISTAN ORIGINAL INSURER RETAINS FOR ITSELF PLUS WHAT IT REINSURES WITH ANOTHER DOMESTIC INSURANCE COMPANY. PIC IS NOT OBLIGATED TO ACCEPT THIS ADDITIONAL REINSURANCE BUT IN PRACTICE IT DOES. JOINT SECRETARY FOR INSURANCE IN COMMERCE DIVISION SAYS THAT FOREIGN INSURANCE COMPANIES HAVE NOT OBJECTED TO 30 PERCENT OBLIGATORY REINSURANCE WITH PIC, BUT SOME
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HAVE OBJECTED TO PROVISION REGARDING SURPLUS.

2. AS REGARDS PARA 4(B), MOST IMPORTS ARE MADE BY GOVERNMENT ENTITIES OR THROUGH FOREIGN LOANS OR AID, AND THESE ARE DEFINED AS PUBLIC GOODS AND MUST BE INSURED WITH PIC; HOWEVER, MARINE INSURANCE ON IMPORTS FINANCED BY A FOREIGN LOAN OR FOREIGN AID CAN BE INSURED

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WITH A FOREIGN COMPANY AT THE OPTION OF THE IMPORTER.

3. AS REGARDS QUESTIONS IN PARA 2, THE INTENT OF THE RESTRAINT, AS STATED ABOVE IS TO CONSERVE FOREIGN EXCHANGE, AND THERE ARE NO DISCRIMINATORY ASPECTS EXCEPT AGAINST FOREIGN INSURANCE COMPANIES AS A SHOLE. ABOLISHMENT OF THE REQUIREMENT TO REINSURE WITHIN PAKISTAN WOULD PRESUMABLY IMPROVE THE COMPETITIVE POSITION OF FOREIGN INSURANCE COMPANIES, INCLUDING AMERICAN INSURANCE COMPANIES, BUT IT IS DIFFICULT TO PUT A VALUE ON IT. IT WOULD CERTAINLY NOT BE A LARGE AMOUNT. AS REGARDS SHIPPING INSURANCE, MOST PAKISTANI IMPORTS ARE FINANCED FROM ABROAD AND AMERICAN USURANCE COMPANIES THEREFORE HAVE EQUAL OPPORTUNITY FOR THE INSURANCE BUSINESS. ELIMINATING THE RESTRAINTS WOULD HAVE LITTLE IMPACT. WE ARE UNAWARE OF OTHER "SIGNIFICANT" RESTRAINTS ON SERVICES. WE WOULD JUDGE THE UNITLITY OF ATTEMPTING TO REDUCE OR ELIMINATE THESE SERVICE RESTRAINTS IN THE MTN TO BE ZERO OR NEGATIVE.
HUMMEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, INSURANCE, FOREIGN TRADE
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Format: TEL
From: ISLAMABAD
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770898/aaaadexu.tel
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Litigation Codes:
Litigation History:
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Original Classification: LIMITED OFFICIAL USE
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Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Reference: 77 STATE 179663
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SAS ID: 1711650
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Status: NATIVE
Subject: NOTIFICATIONS OF SERVICES RESTRAINTS IN THE MTN
TAGS: ETRD, PK, GATT, MTN
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Type: TE
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